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**PROVISIONAL SPECIFICATION FOR THE INVENTION ENTITLED:**

**Loyalty Reward Point Exchange**

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Australia**

**Name of Inventor:**

**Graham Wayne Thomas**

**This invention is best described in the following statement:**

## LOYALTY REWARD POINT EXCHANGE

### Field of the Invention

- 5 The present invention relates generally to loyalty reward programmes, and relates more particularly to the exchange (that is, the purchase and sale for example) of reward programme points between participants and programme providers.

### Background

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Various entities (marketing companies, credit card providers etc) provide reward programmes to participants. Loyalty reward points are accumulated by participants through purchases made, for example, on credit cards, or through purchase of airline fares. One view held by some participants is that such programmes are not of significant benefit to participants, except in the case of large-value purchases. This view is perhaps attributable to a perceived lack of flexibility relating to the terms and conditions of many loyalty reward programmes.

15

Reward programmes stipulate terms and conditions, particularly in relation to redemption of reward points. These terms and conditions often involve clauses relating to non-transferability of points between participants, and limited transferability of points. Such conditions clearly favour programme providers, as non-redemption rates of allocated points can be expected to be higher than might otherwise be the case if points were transferable. This is especially true for reward points that have a "time limit"; that is, a time period after which points expire if not redeemed.

20

Reward programmes that do not stipulate an expiry date for accumulated points generally have a long-term redemption rate of approximately 75% to 80%. Reward programme providers accordingly budget for a redemption rate of around 80%. Allocated reward programme points therefore represent a significant non-current contingent liability which programme providers must budget in their accounts.

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Accordingly, in view of the above observations, a need clearly exists for improved manner of administering loyalty reward programmes.

### Summary

5

An "exchange" that trades in reward programme points is described herein to facilitate the utility of reward programmes for participants and providers. Such an exchange trades in reward programme points by either buying, selling or transferring points from, to or between participants. An exchange may operate independently of reward programme providers, or in alliance with a specific reward programme provider.

10

Reward programme providers can also be a party to transactions, to actively manage their position in reward programme points. The described exchange offers to buy reward programme points from participants at a discounted value, and offers to sell reward programme points to providers (at a less discounted rate), or to participants at a premium.

15

Participants often have an incentive to purchase points at a premium to their notional value, to supplement their existing points that have been accumulated through previous transactions. Participants may in many cases wish to increase their accumulated points by purchasing such points, rather than simply accumulating further points by making purchases through the reward programme. In this way, participants can reach points "milestones", at which a desired reward can be redeemed.

20

Reward programme providers have a clear interest in suppressing redemption rates, as a suppressed redemption rate lowers the cost of operating the reward programme. Any marginal increase in redemption rate, however, can be offset by reward programme providers purchasing additional points at a discounted rate.

25

For example, if a reward programme provider can buy points at a discount to their notional value, and also at a discount to the price at which such points can be sourced from alternative providers (that is, wholesale rates at which the provider is charged), a margin exists for reward programme providers.

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### Description of Drawings

Fig. 1 is a schematic representation of a system architecture involving participants, providers and an exchange for reward programme points allocated to participants by providers in accordance with a reward programme.

Fig. 2. is a flowchart representing steps involved in operating the exchange depicted in Fig. 1.

Fig. 3 is a schematic representation of a computer system suitable for use in operating the system represented in Fig. 1.

### Detailed Description

Reward programme points are generally allocated at a rate of 1 point per dollar value of goods or services purchased. There are, of course, many exceptions. Some programmes may offer points at a rate of 100 point per dollar value of goods or services purchased. Fixed numbers of points can be allocated for particular purchases, or bonus points (for example, 150% of a regular rate) may be allocated for purchases from nominated providers. Other promotional campaigns are also possible.

In any case, reward programme points are allocated against a participant's account for future redemption on available "rewards", in accordance with the terms and conditions of the relevant reward programme.

Fig. 1 schematically represents the entities involved: an exchange 110, able to communicate with both participants 120 and providers 130.

Fig. 2 schematically represents steps involved in the provision of exchange services, via exchange 110. In step 210, participants 120 register with the exchange 110. In step 220, reward programme accounts are monitored at providers 130 on behalf of registered participants 120. In steps 230 and 240, exchange services are offered to participants 120.

via the exchange 110. The offered services include a buy/sell facility and a transfer facility. In step 250, the exchange 110 receives and transacts the instructions from participants 120.

- 5 For convenience, the entity that facilitates exchange of reward programme points between parties is referred to herein simply as an "exchange". Further, to aid a clear and concise description of the "exchange", a working assumption is made herein that points have an acquisitional value (that is, rather than redemption value) of 1 point per dollar value of goods or services purchased; that is, one point per dollar value of goods or services  
10 purchased. The choice of "exchange rate" is arbitrary, as programme providers can award points in any manner they choose.

#### *Flow of points*

- 15 Participants accumulate points in accordance with the reward programme, as assumed above, at a rate of 1 points per dollar spent on nominated goods or services.

Participants can sell their accumulated points to the exchange for a cash credit at a discount to their nominal value (one cent each). An indicative rate for the sale of points  
20 by participants to the exchange may be a rate between 15% and 50% of the nominal value of the points. A rate of one third of rate of the nominal value may be selected; that is, 33%, or one-third of a cent per point.

Participants can buy further points from the exchange at a premium to their notional  
25 value. An indicative rate for the purchase of points from the exchange by participants may be a rate between 115% and 250% of the nominal value of the points. A premium of 200%, for example, may be selected.

Participants can transfer points between reward programmes, at a discount to the notional  
30 value of the transferred points. An indicative rate for the transfer of points at the exchange by participants may be a rate between 30% and 70% of the nominal value of the points. A discount of 50%, for example, may be selected.

The illustrative trading rates indicated above are intended to compensate for an expected increased redemption rate. That is, the effective redemption rate is reduced. Even in the case of heavy trading in reward programme points, a 100% redemption rate is unlikely as many participants never redeem points, and points are forfeited when participants have accounts that are cancelled or closed before all accumulated points are fully redeemed.

### *Analysis of operations*

Assume that each reward point has a notional value of 1 cent per point. However, such reward points actually cost a reward programme provider, for example 0.8 cents per point due to contributions made by retailers through transaction fees.

An effective cost of providing reward points to participants, on a per point basis, is found by multiplying the cost of points by the redemption rate. This relationship is presented in Equation (1) below.

$$\text{real cost [rc]} = \text{cost [c]} \times \text{redemption rate [r]} \quad (1)$$

Consider an example in which the cost of points (to a reward programme provider) is 0.66 cents per point, and the redemption rate rises to 95%. Using Equation (1) above, the real cost of providing reward points is 0.63 cents per point, a 17% reduction compared with a cost of 0.80 cents per point indicated above.

Table 1 below presents an analysis of the cash flows and "point flows" involved in financing a typical transaction made in accordance with the reward programme.

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**TABLE 1**

- Participant makes \$1000 purchase from retailer.
- Provider allocates 100,000 reward points to participant.
- Retailer pays 2% - (that is, \$20) transaction fee on participants' purchase.

- Provider allocates a certain percentage of transaction fee to finance the reward programme.
  - 5 • Participant redeems 1,000,000 accumulated points for electrical appliance having retail price from reward outlet.
  - Provider incurs a wholesale cost of rewards from reward outlets.
- 

10

In Table 1 above, the cost of providing the reward to the participant is X, which is effectively reduced to X' assuming a redemption rate of 95%.

#### *Revenue model*

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Besides various fees that may be levied on programme providers and participants (for example, annual fees, transaction fees), revenue can be earned from margins on trading in points.

20

These margins, using the example figures indicated above, are as follows.

Purchase of points from participants (at 0.33 cents per point) and sale of points to providers (0.66 cents per point) provides a margin of 0.33 cents per point.

25

Transfer of points by participants between programmes (at 0.50 cents per point) and sale of transferred points to providers (at 0.66 cents per point).

30

Differential rates can apply to different participants in a reward programme. For example, "gold" members may be offered a more favourable conversion rate than regular members.

There is also, of course, a margin between the wholesale and retail prices of goods and services that are used as rewards and for which points are redeemed.



***Combined points/cash redemption***

A point/cash redemption calculator can be provided to participants for calculation of the component points and cash required to obtain a particular reward. Consider an example of a \$100 gift voucher from a department store. A premium of 12.5% is charged in the number of points; that is, to a point 12.5% bonus points are provided for every hundred dollars spent. As a discount is received from the supplier, in this case the department store, the total benefit to the provider is more likely to be in the vicinity of 25% to 30% on a one hundred dollar reward purchase. Second, in a cash and points mixed purchase of an item from a rewards catalogue, the points premium is still 12.5%.

Currently, such mixed transactions are approximately 50% cash and 50% points. A sliding scale can be introduced in the cash/points calculator. Any cash component under 50% attracts a higher points premium rate, operating from a 50% cash component down to a 30% cash component. In this case, 30% represents the minimum cash component, although this can vary depending on the wholesale cost of the reward item. In this context, a further 10% points premium per 5% less cash component down to a minimum of 30% cash component may apply.

Table 2 below outlines an example relating to a reward purchase of \$1,000 retail price.

**TABLE 2**

1.	Cash component 50%	\$500
	Points component 50% (at 1 cent per point)	562, 500
2.	Cash component 40%	\$400
	Points component 60% plus 20% premium	810, 000
3.	Cash component 30%	\$300
	Points component 70% plus 20% premium	945, 000

### *Further features*

While the primary function of the exchange is to exchange reward programme points,  
5 other "value-add" services can be provided to participants. One example relates to trading  
in options and futures for underlying reward points.

### *Online service provision*

10 Fig. 3 schematically represents an architecture used for providing services associated with  
the exchange. A central data service 310 communicates with a web server 320. The web  
server 320 is connected to the Internet 330. Participant terminal 340, and provider  
terminals 350 are able to communicate via the Internet 330 with the web server 320, to  
access information stored on the data server 310. Computer systems of the type described  
15 below are used to provide the data server 310, web server 320, and terminals 340, 350.

The data server 310 stores the information relating to participants' accounts, and  
administers transactions made by participants and providers. The data server 310 uses  
database software products, and other relevant software infrastructure to provide the  
20 above-described services to participants and providers.

Computer systems of the type described above are used in the provision of the described  
exchange. A central server stores customer data, and is able to be accessed by client  
devices operated by participants. Similarly, programme providers can also access, via the  
25 Internet, the central server.

The described exchange facilitates the transfer of points between participants in reward  
programmes. In this respect, transactions performed using the exchange are reported to all  
relevant reward programme providers so that the providers can track how many points are  
30 owned by whom.

***Computer hardware and software implementation***

Fig. 4 is a schematic representation of a computer system 400 that can be used to perform steps in a process that implement the techniques described herein. The computer system  
5 400 is provided for executing computer software that is programmed to assist in performing the described techniques. This computer software executes under a suitable operating system installed on the computer system 400.

The computer software involves a set of programmed logic instructions that are able to be  
10 interpreted by the computer system 400 for instructing the computer system 400 to perform predetermined functions specified by those instructions. The computer software can be an expression recorded in any language, code or notation, comprising a set of instructions intended to cause a compatible information processing system to perform particular functions, either directly or after conversion to another language, code or  
15 notation.

The computer software is programmed by a computer program comprising statements in an appropriate computer language. The computer program is processed using a compiler  
20 into computer software that has a binary format suitable for execution by the operating system. The computer software is programmed in a manner that involves various software components, or code means, that perform particular steps in the process of the described techniques.

The components of the computer system 400 include: a computer 420, input devices 410,  
25 415 and video display 490. The computer 420 includes: processor 440, memory module 450, input/output (I/O) interfaces 460, 465, video interface 445, and storage device 455.

The processor 440 is a central processing unit (CPU) that executes the operating system and the computer software executing under the operating system. The memory module  
30 450 includes random access memory (RAM) and read-only memory (ROM), and is used under direction of the processor 440.

The video interface 445 is connected to video display 490 and provides video signals for display on the video display 490. User input to operate the computer 420 is provided from input devices 410, 415 consisting of keyboard 410 and mouse 415. The storage device 455 can include a disk drive or any other suitable non-volatile storage medium.

Each of the components of the computer 420 is connected to a bus 430 that includes data, address, and control buses, to allow these components to communicate with each other via the bus 430.

The computer system 400 can be connected to one or more other similar computers via a input/output (I/O) interface 465 using a communication channel 485 to a network 480, represented as the Internet.

The computer software program may be provided as a computer program product, and recorded on a portable storage medium. In this case, the computer software program is accessed by the computer system 400 from the storage device 455. Alternatively, the computer software can be accessed directly from the network 480 by the computer 420. In either case, a user can interact with the computer system 400 using the keyboard 410 and mouse 415 to operate the programmed computer software executing on the computer 420.

The computer system 400 is described for illustrative purposes: other configurations or types of computer systems can be equally well used to implement the described techniques. The foregoing is only an example of a particular type of computer system suitable for implementing the described techniques.

### *Example*

An example set of transactions is now described, incorporating the various transactions that can be made in relation to the exchange 110. Each transaction is numbered below.

The computer systems of the exchange 110 are electronically linked with those of relevant reward programme providers 130 so that their respective electronic records are maintained in agreement with each other. Participants 110 can assess the exchange 100 to instruct transactions and confirm their current account status.

1. *Participant buys products in accordance with reward programme*

In terms of the servers involved in the procedure, purchases made by participants 120  
5 generate reward points that are allocated against an account of reward points in the name  
of the participant 120. This account of reward points is stored at the provider 130, and  
synchronised at the exchange 120.

2. *Participant buys reward points from the exchange*

10

Reward points that are in the name of a participant 120 can be supplemented by additional  
points purchased from the exchange at a premium. The participant 120 interacts with the  
exchange 110, instructing the exchange 110 to purchase additional points from a provider  
130, using a payment facility such as a credit card. The exchange 110 communicates  
15 securely with the reward programme provider 130 to purchase reward points, to the credit  
of the participant 120, from the reward programme provider 130. The exchange 110  
charges the participant 120 and pays the reward programme provider 130 at rates  
involving a suitable margin.

20 3. *Purchaser sells reward points to the exchange*

Reward points that are in the name of a participant 120 can be sold to the exchange 130.  
In this case, the participant 120 instructs the exchange 110 to buy a certain amount of  
points from the participant 120. The exchange 110 communicates securely with the  
25 provider 130 to debit the account of the relevant participant 120, and pays the exchange  
110 an appropriate amount for "writing off" these debited points. The exchange 110 then  
credits a banking account (such as a regular nominated banking account, or credit card) of  
the participant 120 with a proportion of the amount received from the provider 130.

30 4. *Participant transfers points between reward programmes via the exchange*

Reward points that are in the name of a participant 120 can be transferred at the exchange  
130 between accounts of respective providers 130. In this case, the participant 120

instructs the exchange 110 to buy transfer a certain amount of points from one participant 120 to another participant 120. Such a transaction is essentially a combination of selling reward points to the exchange 110, and buying reward points from the exchange 110. Clearly, in this case, the reward points sold and bought are of a different type, and involve  
5 different providers 130.

### *Analysis*

A set of figures is now presented to illustrate a possible manner in which the described  
10 exchange may be used. This illustration relates to an example of a participant (i) having 55,000 reward programmes points accumulated, and (ii) needing an extra 5,000 points to reach a 60,000 points milestone at which a desired reward can be achieved. Table 3 below outlines these relevant self-explanatory figures.

15  

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**TABLE 2**

Participant's points on account	55,000
Cost of points to provider (@0.8 cents per point)	\$440.00
20 Cost of participant's purchased points (@ 3 cents) for first 5,000	\$150.00
Retail cost of 60,000 point reward	\$600.00
Wholesale cost of same 60,000 point reward	\$420.00
Online rewards 30% wholesale-retail margin	\$180.00
25 Provider's 25% of wholesale-retail margin	\$45.00
Provider's 20% of points sale	\$30.00
Provider's total cash return	\$75.00
Provider's total cash cost	\$365.00
30 "Effective" redemption rate	83%
"Effective" cent cost of each point to provider	0.66
Cost of participant's purchased points (@ 3 cents) for first 5,000	\$150.00

Cash value of points redeemed (55,000 @ 0.8 cents per point)	
received from provider	\$440.00
Rewards wholesale cost of same 60,000 reward plus 50%	
of wholesale-retail margin	\$510.00
Exchange pays provider 25% of wholesale-retail margin	\$45.00
Exchange pays provider 20% of points sale	\$30.00
Exchange retains 25% wholesale margin	\$45.00
<b>Exchange total retention</b>	<b>\$50.00</b>

=	\$150.00	(received from participant for purchase of 5,000 further points)
	+ \$440.00	(received from provider for 60,000 points redeemed)
	- \$30.00	(20% of points sale paid to provider on 5,000 further points)
	+ \$45.00	(25% of \$180 wholesale margin retained by exchange)
	- \$45.00	(25% of \$180 wholesale margin paid to provider)
	- \$510.00	(paid to reward wholesaler)

In Table 3 above, the figures selected are indicative only, and can of course be varied. These figures represent commercial amounts that are negotiated as required. In essence, the provider reduces their contingent liability in points held on account on behalf of participants. Participants can conveniently achieve points milestones and thus desired rewards. The exchange generates a sum profit on transactions, and indirectly shares a portion of this profit with the provider.

Each participant who deals with the exchange may be charged an annual processing fee, for example, \$20.00. Additional fees may be charged for additional reward programmes registered with the service. Each participant registered with the exchange may be issued with a card and PIN to facilitate security of transactions.

### *Advantages*

In overview, the described reward programme point "exchange" can provide various advantages, which can be to the benefit of both providers and participants. Reward programme providers can reduce their contingent liabilities associated with redemption of  
5 reward programme points by participants. Conversely, reward programme participants can more flexibly use and redeem their reward programme points, encouraging further participation in the reward programme.

10 Exchange services can be provided exclusively to participants in a particular reward programme, or to participants in a number of reward programmes. Providing a service exclusively to participants of a single reward programme provides a competitive advantage to the respective provider. Providing service to participants of a number of  
15 reward programmes provides a greater number of participants that are able to use the provided service.

### *Conclusion*

A method, a computer system and computer software for exchanging loyalty reward  
20 programme points are each described herein. While a computer terminal-based implementation is described above, access to exchange services could be provided via a telephone voice interface, or through an existing electronic exchange network, such as automatic teller machines. Public kiosk-based implementations are also possible.

25 Further, the techniques described herein can be implemented with the use of smart cards. A credit card, which is provided as a smart card, may store a current record of reward points accrued by the holder. Historical information, such as that relating to previous transactions or in-store redemption of reward points, can also be stored on the smart card. Transactions may be performed, for example, using an automated teller machine (ATM).  
30 Various other alterations and modifications can be made to the techniques and arrangements described herein, as would be apparent to one skilled in the relevant art.



**Claims:**

1. A method for exchanging reward programme points, the method comprising the steps of:

5 purchasing from participants reward programme points at a consumer discount to a notional value at the reward programme points; and

10 selling to participants reward programme points at a consumer premium to a notional value of the reward programme points;

wherein a margin exists between the consumer discount and the consumer premium.

- 15 2. The method as claimed in claim 1, further comprising the step of offering to sell, to a reward programme provider, reward programme points at a provider discount to a notional value of the reward programme points.

- 20 3. The method as claimed in claim 2, wherein the value of the provider discount falls between the value of the consumer discount and a value of a reward discount, to a notional value of the reward programme points, at which reward programme providers provide rewards for which the reward programme points are redeemed.

- 25 4. The method as claimed in claim 3, wherein the reward discount is approximately 75% to 85% of the notional value of redeemable rewards.

5. The method as claimed in claim 4, wherein the consumer discount is approximately 30% to 40% of a notional value of the reward programme points.

- 30 6. The method as claimed in claim 5, wherein the provider discount is approximately 50% to 70% of a notional value of the reward programme points.

7. The method as claimed in claim 1, wherein the consumer premium is approximately 150% to 250% of a notional value of reward programme points.

8. The method as claimed in claim 1, further comprising the step of buying or selling an option to buy or sell reward programme points.

9. Computer software, recorded on a medium, for exchanging reward programme points, the computer software comprising:

software code means for purchasing from participants reward programme points at a consumer discount to a notional value at the reward programme points; and

software code means for selling to participants reward programme points at a consumer premium to a notional value of the reward programme points.

10. Computer software as claimed in claim 9, further comprising software code means for offering to sell, to a reward programme provider, reward programme points at a provider discount to a notional value of the reward programme points.

11. Computer software as claimed in claim 10, wherein the value of the provider discount falls between the value of the consumer discount and a value of a reward discount, to a notional value of the reward programme points, at which reward programme providers provide rewards for which the reward programme points are redeemed.

12. Computer software as claimed in claim 11, wherein the reward discount is approximately 75% to 85% of the notional value of redeemable rewards.

13. Computer software as claimed in claim 12, wherein the consumer discount is approximately 30% to 40% of a notional value of the reward programme points.

14. Computer software as claimed in claim 13, wherein the provider discount is approximately 50% to 70% of a notional value of the reward programme points.
15. Computer software as claimed in claim 9, wherein the consumer premium is approximately 150% to 250% of a notional value of reward programme points.
16. Computer software as claimed in claim 9, further comprising software computer means for buying or selling an option to buy or sell reward programme points.
- 10 17. A computer system, for exchanging reward programme points, the computer system comprising:
- means for purchasing from participants reward programme points at a consumer discount to a notional value at the reward programme points; and
- 15 means for selling to participants reward programme points at a consumer premium to a notional value of the reward programme points.
18. A computer system as claimed in claim 17, further comprising means for offering to sell, to a reward programme provider, reward programme points at a provider discount to a notional value of the reward programme points.
- 20 19. A computer system as claimed in claim 18, wherein the value of the provider discount falls between the value of the consumer discount and a value of a reward discount, to a notional value of the reward programme points, at which reward programme providers provide rewards for which the reward programme points are redeemed.
- 25 20. A computer system as claimed in claim 19, wherein the reward discount is approximately 75% to 85% of the notional value of redeemable rewards.
- 30 21. A computer system as claimed in claim 20, wherein the consumer discount is approximately 30% to 40% of a notional value of the reward programme points.

22. A computer system as claimed in claim 21, wherein the provider discount is approximately 50% to 70% of a notional value of the reward programme points.

5 23. A computer system as claimed in claim 17, wherein the consumer premium is approximately 150% to 250% of a notional value of reward programme points.

24. A computer system as claimed in claim 17, further comprising means for buying or selling an option to buy or sell reward programme points.

10 25. A method for exchanging reward programme points, the method comprising the steps of:

15 receiving reward programme points from participants in a reward programme; and

providing cash or like consideration to the participants, in exchange for the received reward programme points, at a discount to a notional value of the reward programme points.

20 26. A method for exchanging reward programme points, the method comprising the steps of:

25 providing reward programme points to participants in a reward programme; and

receiving cash or like consideration from the participants, in exchange for the provided reward programme points, at a premium to a notional value of the reward programme points.

30 27. A method for exchanging reward programme points, the method comprising the steps of:

receiving reward programme points from participants in a reward programme;

5 providing cash or like consideration to the participants, in exchange for the received reward programme points, at a discount to a notional value of the reward programme points;

10 providing reward programme points to participants in a reward programme; and

receiving cash or like consideration from the participants, in exchange for the provided reward programme points, at a premium to a notional value of the reward programme points.

15 28. The method as claimed in any one of claims 25 to 27, wherein reward programme points from different programme providers can be exchanged.

29. A computer system for exchanging reward programme points, the computer system comprising:

20 means for receiving reward programme points from participants in a reward programme; and

25 means for providing cash or like consideration to the participants, in exchange for the received reward programme points, at a discount to a notional value of the reward programme points.

30. A computer system for exchanging reward programme points, the computer system comprising:

30 means for providing reward programme points to participants in a reward programme; and

means for receiving cash or like consideration from the participants, in exchange for the provided reward programme points, at a premium to a notional value of the reward programme points.

- 5 31. A computer system for exchanging reward programme points, the computer system comprising:

means for receiving reward programme points from participants in a reward programme;

10 means for providing cash or like consideration to the participants, in exchange for the received reward programme points, at a discount to a notional value of the reward programme points;

15 means for providing reward programme points to participants in a reward programme; and

20 means for receiving cash or like consideration from the participants, in exchange for the provided reward programme points received, at a premium to a notional value of the reward programme points.

32. Computer software, recorded on a medium, for exchanging reward programme points, the computer software comprising:

25 software code means for receiving reward programme points from participants in a reward programme; and

30 software code means for providing cash or like consideration to the participants, in exchange for the received reward programme points, at a discount to a notional value of the reward programme points.

33. Computer software, recorded on a medium, for exchanging reward programme points, the computer software comprising:

software code means for providing reward programme points to participants in a reward programme; and

5 software code means for receiving cash or like consideration from the participants, in exchange for the provided reward programme points, at a premium to a notional value of the reward programme points.

34. Computer software, recorded on a medium, for exchanging reward programme points, the computer software comprising:

10 software code means for receiving reward programme points from participants in a reward programme;

15 software code means for providing cash or like consideration to the participants, in exchange for the received reward programme points, at a discount to a notional value of the reward programme points;

20 software code means for providing reward programme points to participants in a reward programme; and

software code means for receiving cash or like consideration from the participants, in exchange for the provided reward programme points, at a premium to a notional value of the reward programme points.

DATED this Sixth Day of September, 2002  
Graham Wayne Thomas

Patent Attorneys for the Applicant  
SPRUSON & FERGUSON

## LOYALTY REWARD POINT EXCHANGE ABSTRACT

5 A "exchange" that trades in reward programme points is described herein to facilitate the  
utility of loyalty reward programme for participants. Such an exchange trades in reward  
programme points by either buying, selling or transferring points from two or between  
participants. Reward programme providers can also be party to transactions to actively  
manage their position in reward programme points. The exchange offers to buy reward  
programme points from participants at a discounted value, and sell points to the loyalty  
10 reward programme provider (at a less discounted rate) or to participants at a premium.  
Participants often have an incentive to purchase points at a premium in order to  
supplement their existing points to achieve a total number of points at which a desired  
reward can be achieved.



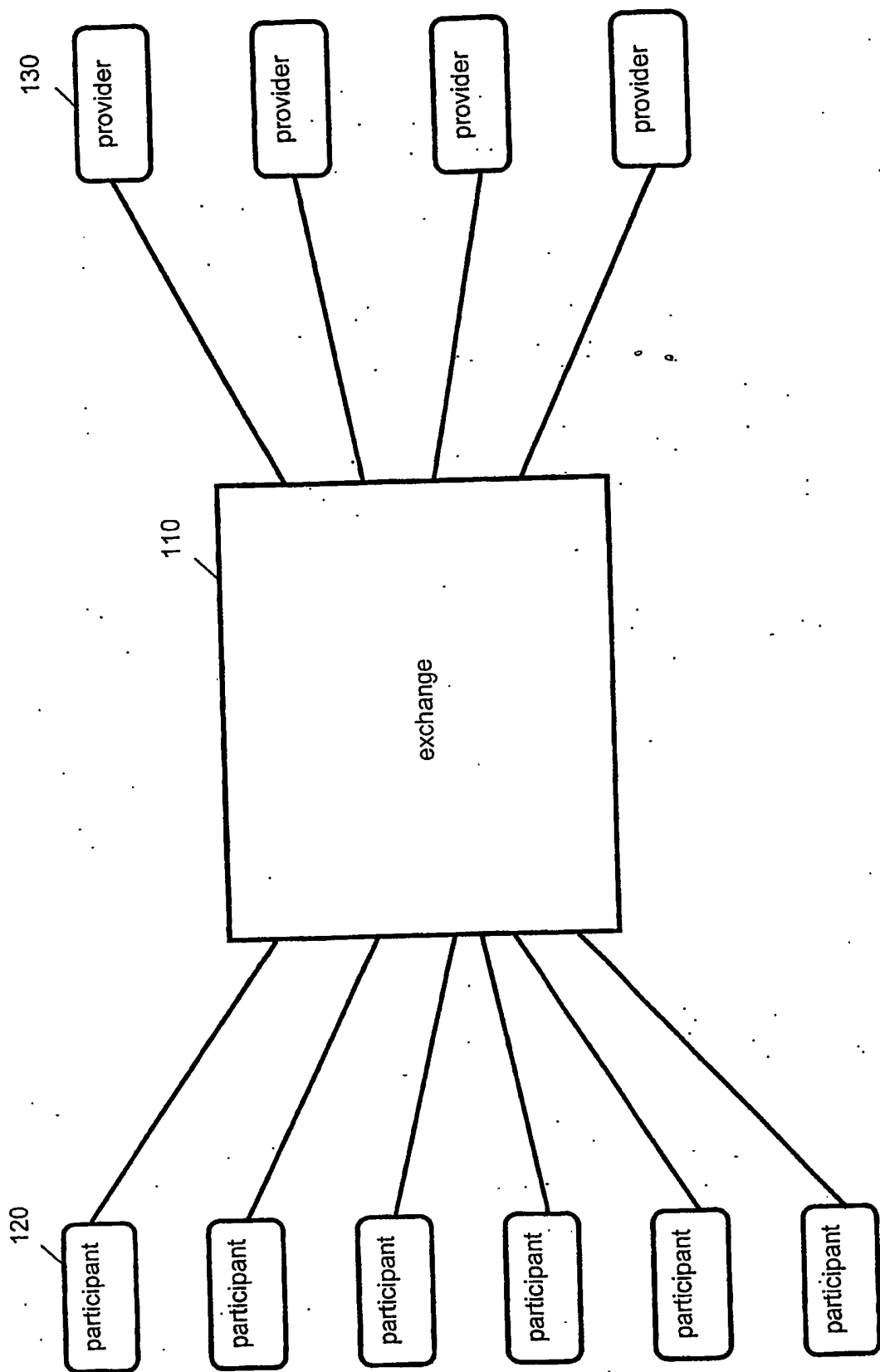


FIG. 1

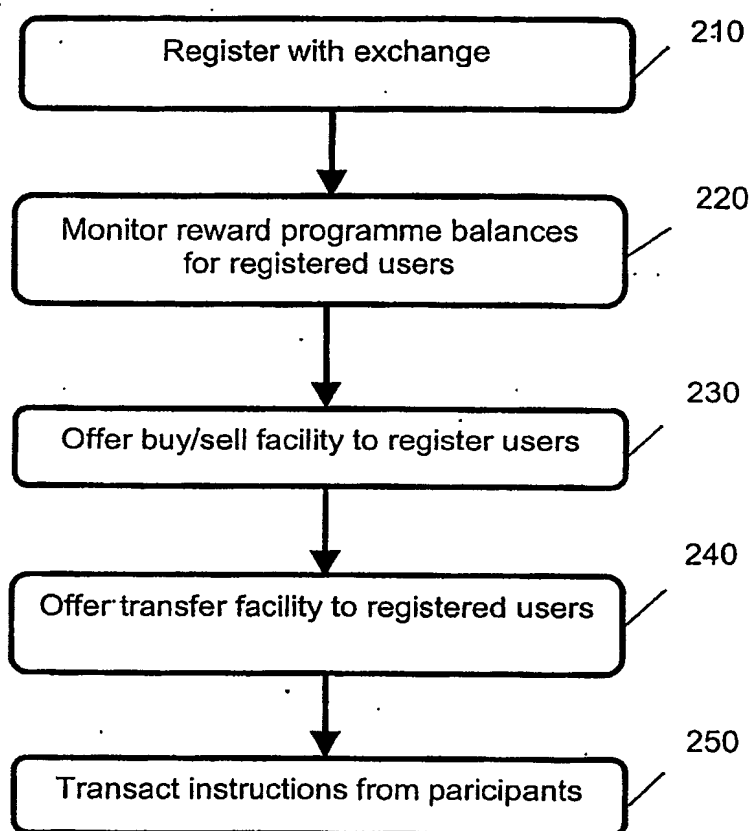


FIG. 2

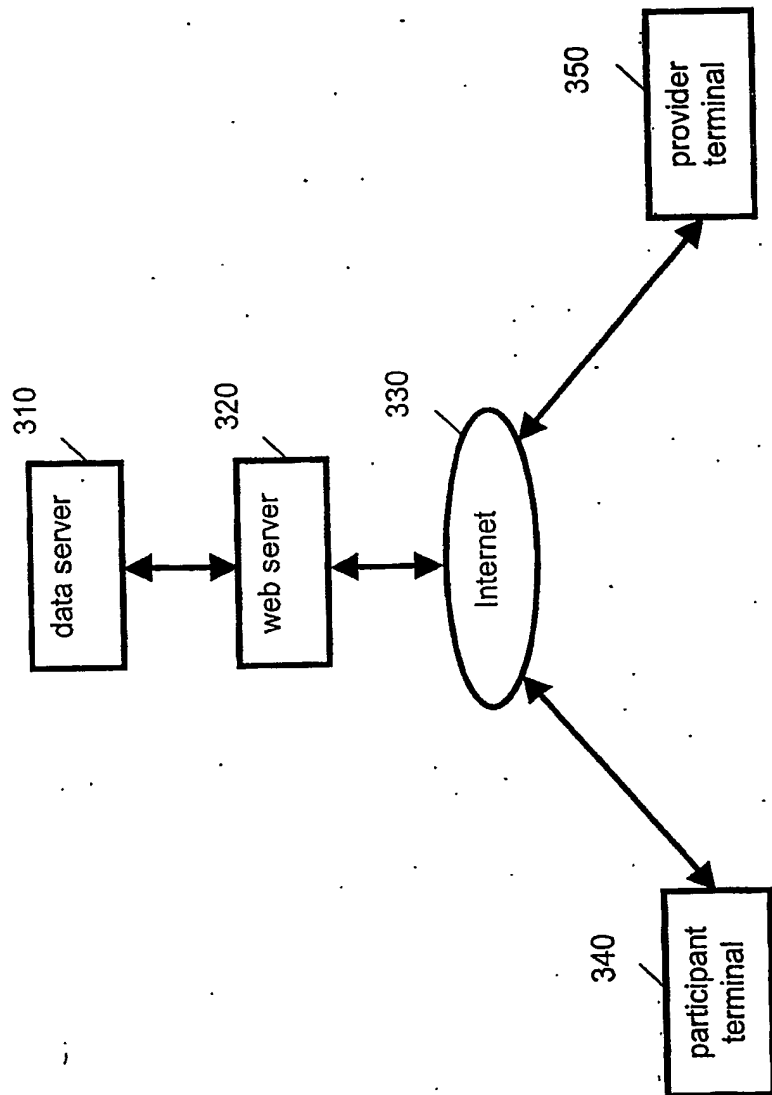


FIG. 3

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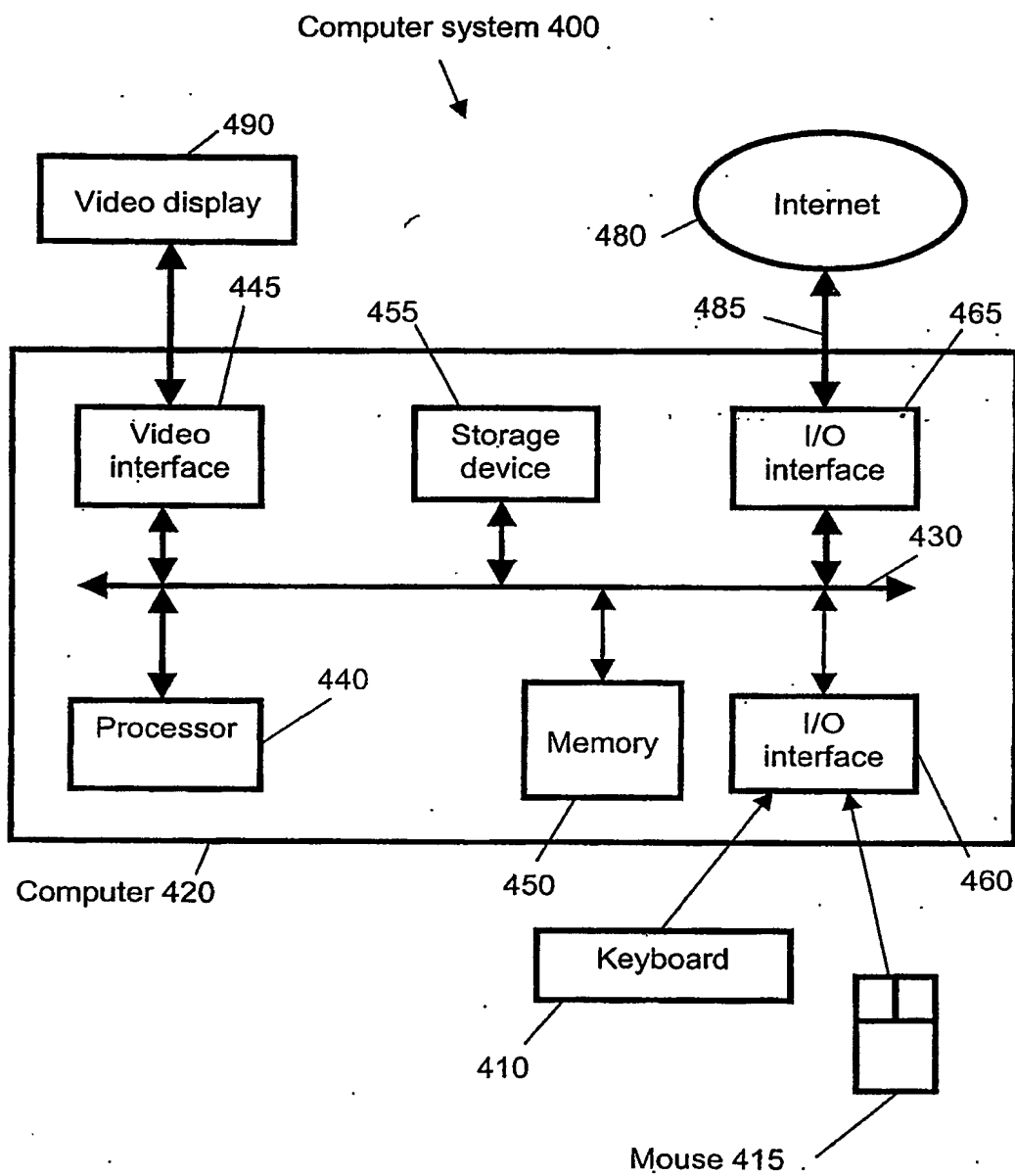


FIG. 4

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